

Senate File 35 - Introduced

SENATE FILE 35

BY WEBSTER

A BILL FOR

1 An Act creating a state sales tax rebate to the owner or
2 operator of a newly constructed baseball and softball park
3 project.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15F.208 Baseball and softball park
2 project sales tax rebate.

3 1. As used in this section, unless the context otherwise
4 requires, "baseball and softball park" and "owner or operator"
5 mean the same as defined in section 423.4, subsection 10A.

6 2. An entity that has made or is making an application
7 under section 15F.202, subsection 2, for financial assistance
8 for a project may make an application for the sales tax rebate
9 provided under section 423.4, subsection 10A. The application
10 shall be made in the same manner and form as provided in
11 section 15F.202, subsection 2, and shall include but not be
12 limited to the same information as required in section 15F.202,
13 subsection 2.

14 3. a. The project must satisfy all of the following
15 criteria to be eligible for a sales tax rebate:

16 (1) The project upon completion primarily will be a baseball
17 and softball park.

18 (2) The entity making the application is or will become the
19 owner or operator of the baseball and softball park.

20 b. A project shall not be required to be receiving an award
21 of financial assistance under another part of the program
22 in order to be awarded a sales tax rebate pursuant to this
23 section.

24 4. a. Applications for the sales tax rebate shall be
25 submitted to the authority. For those applications that meet
26 the eligibility criteria, the authority shall provide a staff
27 review and evaluation, with recommendation, to the board.

28 b. When reviewing applications, the authority shall
29 consider, at a minimum, the same factors provided in section
30 15F.203, subsection 3, excluding paragraph "f" of that
31 subsection.

32 c. Upon review of the recommendation of the authority, the
33 board shall approve, defer, or deny an application.

34 d. Upon approval of an application for a sales tax rebate,
35 the board shall notify the department of revenue regarding the

1 amount of the sales tax rebate award, a description of the
2 project comprising the baseball and softball park, and any
3 other information reasonably requested by the department in
4 order to administer the sales tax rebate.

5 5. The board shall not award more than five million dollars
6 in sales tax rebates for any one baseball and softball park
7 project, and shall not award more than ten million dollars in
8 total sales tax rebates for all baseball and softball park
9 projects.

10 6. This section is repealed thirty days following the
11 date on which ten million dollars in total rebates have been
12 awarded. The board shall notify the Iowa Code editor upon
13 occurrence of this condition.

14 Sec. 2. Section 423.2A, subsection 1, Code 2023, is amended
15 by adding the following new paragraph:

16 NEW PARAGRAPH. *c.* Subsequent to the deposit into the
17 general fund of the state, the director shall credit an amount
18 equal to the product of the sales tax rate imposed in section
19 423.2 times the sales price of the tangible personal property
20 or services furnished to purchasers at a baseball and softball
21 park that has received an award under section 15F.208, and
22 that meets the qualifications of section 423.4, subsection
23 10A, into the baseball and softball park sales tax rebate fund
24 created under section 423.4, subsection 10A, paragraph "e". The
25 director shall credit the moneys beginning the first day of the
26 quarter following July 1, 2023. This paragraph is repealed
27 thirty days following the date on which ten million dollars
28 in total rebates have been provided under section 423.4,
29 subsection 10A.

30 Sec. 3. Section 423.2A, subsection 2, Code 2023, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. *0e.* Transfer to the baseball and softball
33 park sales tax rebate fund that portion of the sales tax
34 receipts described in subsection 1, paragraph "c", remaining
35 after the transfers required under paragraphs "a", "b", "c",

1 "d", and "e" of this subsection 2. This paragraph is repealed
2 thirty days following the date on which ten million dollars
3 in total rebates have been provided under section 423.4,
4 subsection 10A.

5 Sec. 4. Section 423.4, Code 2023, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION. 10A. a. For purposes of this subsection:

8 (1) "*Baseball and softball park*" means the construction of a
9 new baseball and softball park containing multiple baseball and
10 softball fields and including adjacent retail establishments
11 being developed in conjunction with the baseball and softball
12 park, that has a project completion date that is after July 1,
13 2023, and has a cost of construction upon completion that is at
14 least seventy-five million dollars.

15 (2) "*Change of control*" means any of the following:

16 (a) Any change in the ownership of the original or any
17 subsequent legal entity that is the owner or operator of the
18 baseball and softball park such that more than fifty-one
19 percent of the equity interests or voting interest in the legal
20 entity ceases to be owned by individuals who are residents of
21 Iowa, an Iowa corporation, or combination of both.

22 (b) The original owners of the legal entity that is the
23 owner or operator of the baseball and softball park shall
24 collectively cease to own or control more than fifty percent of
25 the voting equity interests or voting interest of such legal
26 entity or shall otherwise cease to have effective control of
27 such legal entity.

28 (3) "*Iowa corporation*" means a corporation incorporated
29 under the laws of Iowa where more than fifty-one percent of the
30 corporation's equity interests or voting interest are owned or
31 controlled by individuals who are residents of Iowa.

32 (4) "*Owner or operator*" means a legal entity where more than
33 fifty-one percent of its equity interest or voting interest
34 is owned or controlled by individuals who are residents of
35 Iowa, and Iowa corporation, or combination of both and that is

1 the owner or operator of a baseball and softball park and is
2 primarily a promoter of baseball or softball tournaments, or
3 both.

4 (5) "*Project completion date*" means the date on which
5 baseball or softball games are first played at the baseball and
6 softball park.

7 (6) "*Retail establishment*" includes a place of lodging,
8 restaurants, and other entertainment facilities.

9 *b.* The owner or operator of a baseball and softball
10 park that has received an award under section 15F.208 shall
11 be entitled to a rebate of sales tax imposed and collected
12 by retailers upon sales of any goods, wares, merchandise,
13 admission tickets, or services furnished to purchasers at the
14 baseball and softball park.

15 *c.* The rebate may be obtained only in the following amounts
16 and manner and only under the following conditions:

17 (1) On forms furnished by the department within the time
18 period provided by the department by rule, which time period
19 shall not be longer than quarterly.

20 (2) The owner or operator shall provide information as
21 deemed necessary by the department.

22 (3) The transactions for which sales tax was collected
23 and the rebate is sought occurred on or after the project's
24 completion date or the date on which the award under section
25 15F.208, was made, whichever is later, but before the date
26 which is ten years after the project completion date. However,
27 the amount of rebates provided to a baseball and softball park
28 shall not exceed the amount of the award under section 15F.208,
29 and not more than ten million dollars in total rebates shall be
30 provided pursuant to this subsection.

31 (4) Notwithstanding subparagraph (3), the rebate of
32 sales tax to a baseball and softball park shall cease for
33 transactions occurring on or after the date of the change of
34 control of the baseball and softball park.

35 *d.* To assist the department in determining the amount

1 of the rebate, the owner or operator shall identify to the
2 department retailers located at the baseball and softball park
3 who will be collecting sales tax. The department shall verify
4 such identity and ensure that all proper permits have been
5 issued. For purposes of this subsection, advance ticket and
6 admissions sales shall be considered occurring at the baseball
7 and softball park regardless of where the transactions actually
8 occur.

9 e. There is established within the state treasury under the
10 control of the department a baseball and softball park sales
11 tax rebate fund consisting of the amount of state sales tax
12 revenues transferred pursuant to section 423.2A, subsection 2,
13 paragraph "0e". An account is created within the fund for each
14 baseball and softball park receiving an award under section
15 15F.208, and meeting the qualifications of this subsection.
16 Moneys in the fund shall only be used to provide rebates of
17 state sales tax pursuant to this subsection, and only the state
18 sales tax revenues in the baseball and softball park rebate
19 fund are subject to rebate under this subsection. The amount
20 of rebates paid from each baseball and softball park's account
21 within the fund shall not exceed the amount of the award under
22 section 15F.208, and not more than ten million dollars in total
23 rebates shall be paid from the fund. Any moneys in the fund
24 which represent state sales tax revenue for which the time
25 period in paragraph "c" for receiving a rebate has expired,
26 or which otherwise represent state sales tax revenue that has
27 become ineligible for rebate pursuant to this subsection, shall
28 immediately revert to the general fund of this state.

29 f. Upon determining that the conditions and requirements
30 of this subsection and the department are met, the department
31 shall issue a warrant from the applicable account within the
32 baseball and softball park rebate fund to the owner or operator
33 in the amount equal to the amount claimed and verified by the
34 department.

35 g. This subsection is repealed thirty days following the

1 date on which ten million dollars in total rebates have been
2 provided. The director of revenue shall notify the Iowa Code
3 editor upon occurrence of this condition.

4

EXPLANATION

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The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

6

7 This bill creates a state sales tax rebate to the owner or
8 operator of a newly constructed baseball and softball park and
9 makes the rebate subject to an award by the enhance Iowa board
10 (board).

11 BACKGROUND. 2012 Iowa Acts, chapter 1098, enacted a sales
12 tax rebate to the owner or operator of a baseball and softball
13 tournament facility and movie site. 2016 Iowa Acts, chapter
14 1117, modified the sales tax rebate program by eliminating
15 the rebate for movie sites and modified the rebate program
16 for baseball and softball facilities, and applied the rebate
17 program to baseball and softball complexes completed after July
18 1, 2016, and that had a cost of construction upon completion
19 that was at least \$10 million.

20 The baseball and softball complex sales tax rebate program
21 created in 2016 Iowa Acts, chapter 1117, was repealed by its
22 own terms after the board awarded sales tax rebates totaling \$5
23 million, and therefore no new baseball and softball complexes
24 are eligible to receive a sales tax rebate. Currently,
25 sales tax rebates are occurring to the baseball and softball
26 complexes awarded sales tax rebates until the total rebate
27 award limit of \$5 million has been achieved or 10 years after
28 the last project completion date, whichever is earlier.

29 BASEBALL AND SOFTBALL PARK REBATE PROGRAM. The bill changes
30 the name of the qualifying "baseball and softball complex"
31 to "baseball and softball park", to distinguish it from the
32 ongoing "baseball and softball complex" rebate program. The
33 bill makes the "baseball and softball park" rebate program very
34 similar to the "baseball and softball complex" rebate program
35 enacted in 2016 Iowa Acts, chapter 1117.

1 The bill requires an owner or operator of a baseball
2 and softball park to make an application to the economic
3 development authority (EDA) for financial assistance under the
4 community attraction and tourism program (CAT program) in the
5 same manner and form as an application for the CAT program is
6 made. However, a project for a baseball and softball park
7 is not required to be receiving financial assistance under
8 another part of the CAT program in order to be awarded a sales
9 tax rebate. In order to be eligible for a rebate award, the
10 project upon completion will be a baseball and softball park.

11 The bill defines a "baseball and softball park" to mean the
12 construction of a new baseball and softball park containing
13 multiple baseball and softball fields which includes adjacent
14 retail establishments being developed in conjunction with the
15 baseball and softball park, that has a project completion date
16 that is after July 1, 2023, and has a cost of construction upon
17 completion that is at least \$75 million.

18 The bill defines "owner or operator" to means a legal
19 entity where more than 51 percent of its equity interest or
20 voting interest is owned or controlled by individuals who are
21 residents of Iowa, an Iowa corporation, or combination of both
22 and that is the owner or operator of a baseball and softball
23 park and is primarily a promoter of baseball or softball
24 tournaments, or both.

25 The bill defines "retail establishment" to include lodging,
26 restaurants, and other entertainment facilities.

27 Applications for a rebate are reviewed by the EDA in the
28 same manner as applications under the CAT program, except that
29 the EDA is not required to consider whether the applicant has
30 received financial assistance under the CAT program for the
31 same project. Upon review of the application, the EDA makes a
32 recommendation to the board and the board approves, defers, or
33 denies the application.

34 The board shall not award more than \$5 million in sales tax
35 rebates for any one baseball and softball park and shall not

1 award more than \$10 million in total sales tax rebates for
2 all baseball and softball parks. The sales tax rebate award
3 provisions are repealed 30 days after the board awards a total
4 of \$10 million in sales tax rebates. A baseball and softball
5 park that has received an award qualifies for the sales tax
6 rebate if it is located in this state, has a project completion
7 date that is after July 1, 2023, and has construction costs of
8 at least \$75 million. "Project completion date" is defined in
9 the bill to mean the date on which baseball or softball games
10 are first played at the baseball and softball park.

11 Under the bill, the availability of the sales tax rebate only
12 applies to sales tax collected for the period that begins on
13 the complex's project completion date or the date on which the
14 rebate award was made, whichever is later, and ends on the date
15 which is 10 years after the complex's project completion date.

16 FUTURE REPEAL. The bill repeals the baseball and softball
17 park rebate program 30 days after a total of \$10 million has
18 been awarded by the board, and repeals the remaining portions
19 of the program 30 days after \$10 million in sales tax rebates
20 have been provided to the baseball and softball parks receiving
21 an award under the bill.